

Date: July 30, 2008
To: Allen M. Hecht, LIPA
John MacPhee, PSEG
Dawn Sutphin, Exelon Company
Ron Bryd, Constellation Energy
Copy: Ray Lees, Malcolm Pirnie
From: Joe Vitale, Malcolm Pirnie
Re: Invoice Guide - Metal Bank NPL Site
Project No.: 3809009

In response to your request, we have prepared this memorandum to serve as a guide to review TtEC invoices for the Metal Bank Remediation. The purpose of this guide is to ensure that the invoices generated by TtEC comply with the contract documents and the revised bid. One of the principle objectives of this guide is to avoid paying for work before work has been completed.

As you are aware, the \$12.7 million contract the Group has with TtEC to execute the revised remedy for the Metal Bank site consists of 32 unit price and lump sum price items as presented in the attached spreadsheet. Presented below is the methodology Malcolm Pirnie proposes to use to review and manage TtEC's invoices on behalf of the Group.

Invoicing Review Guide

Item 1: Soil Excavation

Soil Excavation is a unit price item. The billing for this item will be calculated based on the volume of soil excavated multiplied by the unit price. TtEC will determine the volume of material excavated based on a land field survey before and after the excavation is completed consistent with the contract documents. In the event the excavation is only partially completed before the end of a particular billing period, TtEC will be directed to bill this item based on field estimates. When the excavation is completed, the total price for this item will be reconciled based on the land survey results.

Item 2: Imported Backfill

Imported Backfill is a unit price item. The billing for this item will be calculated based on the volume of imported fill placed multiplied by the unit price. TtEC will determine the volume of material placed based on a land field survey before and after the excavation is completed consistent with the contract documents.

Item 3: Waste Disposal - TSCA

Waste Disposal at a TSCA permitted receiving facility is a unit price item. The billing for this item will be calculated based on the weight of excavated material shipped off-site to a TSCA permitted facility multiplied by the unit price. The weight of the material will be determined by the truck weight slips.

Item 4: Waste Disposal - RCRA Hazardous

Waste Disposal at a RCRA permitted receiving facility is a unit price item. The billing for this item will be calculated based on the weight of excavated material shipped off-site to a RCRA permitted facility multiplied by the unit price. The weight of the material will be determined by the truck weight slips.

Item 5: Waste Disposal - Non-Hazardous

Waste Disposal at a non-hazardous receiving facility is a unit price item. The billing for this item will be calculated based on the weight of excavated material shipped off-site to a non-hazardous receiving facility multiplied by the unit price. The weight of the material will be determined by the truck weight slips.

Item 6: Waste Disposal - LNAPL/Oil

Waste Disposal of LNAPL/Oil is a unit price item. The billing for this item will be calculated based on the volume of material collected and shipped off-site to an appropriately regulated receiving facility multiplied by the unit price.

Item 7: Soil Cover

Soil cover is a unit price item. The billing for this item will be calculated based on the volume of soil imported to construct the soil cover multiplied by the unit price. TtEC will determine the volume of soil cover based on a land field survey before and after soil placement consistent with the contract documents.

Item 8A: Sediment Excavation

Sediment Excavation is a unit price item. The billing for this item will be calculated based on the volume of sediment excavated multiplied by the unit price. TtEC will determine the volume of material excavated based on a bathymetric survey before and after the excavation is completed consistent with the contract documents. In the event the excavation is only partially completed before the end of the billing period, TtEC will be directed to bill this item based on field estimates. When the excavation is completed, the total price for this item will be reconciled based on the bathymetric survey results.

Item 8B: Backfill Placement

Backfill placement to replace the excavated sediments is a lump sum item. Partial payments of work completed during a given invoicing period will be approved based on percent complete determined by the square foot of surface area covered divided by the total surface area to be covered as depicted by the design drawings. Full payment for this

item will be issued based on a bathymetric survey demonstrating that the excavated area has been covered with 1-foot of R-3 stone underlain with a non-woven filter fabric.

Item 9A: Sub-aqueous Cap

Installation of the sub-aqueous cap is a unit price item. The billing for this item will be calculated based on the surface area of the marine mattresses placed multiplied by the unit price.

Item 9B: Marine Mattress Buttress

Installation of the marine mattress buttress is a unit price item. The billing for this item will be calculated based on the volume of the marine mattresses placed multiplied by the unit price.

Item 10: Submittals

Preparation of the pre-construction submittals is a lump sum item. The pre-construction deliverables consisted of the remedial action work plans, pre-treatment permit with the City of Philadelphia, notifications required under the consent decree with EPA, and other pre-construction submittals required in the technical specifications. Since the pre-construction deliverables have been already completed and approved by the Group, EPA, and/or other appropriate parties, the billing for this item will be 100% complete with the June 2008 invoice.

Item 11: Mobilization

Mobilization of equipment and personnel is a lump sum item. This item consists of the work required for planning and securing the appropriate resources to execute the work, procuring subcontracting services, renting equipment, and purchasing supplies as well as mobilizing the personnel, equipment, supplies, and subcontractors into the site to begin work. The planning portion of the mobilization phase typically represents up to 30% of the total mobilization cost. Because of the delays to mobilize onto the Metal Bank site and the requirement to re-procure and re-price several of the work items, we anticipate that the planning phase of mobilization for this site will be approximately 40% to 45% with the remaining 55% to 60% mobilizing the resources and equipment on-site. For this item, we recommend approving partial payments based on percent complete and assigning a 40% to 45% value for planning and 55% to 60% for mobilizing resources onto the site.

Item 12: Surveying

Survey is a lump sum item and we recommend partial payments based on percent complete. The survey item supports Item 1: Excavation, Item 2: Imported Backfill, and Item 7: Soil Cover. To determine percent complete for this item, we recommend summing the total volume of material removed and placed under items 1, 2, and 7 within the invoicing period divided by the total volume of the material planned to be removed and placed under these items. Since Item 2: Imported backfill is in tons, we would have

to convert this item into cubic yards to execute this approach. To convert this item to cubic yards, we would divide the quantity in tons by 1.4 tons/cubic yard.

Item 13: Clearing and Grubbing

Clearing and grubbing is a lump sum item and we recommend partial payments based on percent complete. Clearing and grubbing is typically priced on quantity of acres cleared. Therefore, we recommend partially payments based on acres cleared divided total acres to be cleared.

Item 14: Access Road

Constructing the access road is a lump sum item and we recommend partial payments based on percent complete. To determine percent complete, we recommend dividing the linear feet of the access road completed during a given invoicing period by the total linear feet of the access road planned according to the design and work plan.

Item 15: Erosion Controls

Installing erosion controls is a lump sum item and we recommend partial payments based on percent complete. To determine percent complete, we recommend dividing the linear feet of silt and super silt fence completed during a given invoicing period by the total linear feet of the silt and super silt fence planned according to the design and work plan.

Item 16: Power Washing/Sealing Building #7

Power washing and sealing the floor of Building #7 is a lump sum item and we recommend partial payments based on percent complete. To determine percent complete, we recommend dividing the square footage of the floor sealed and washed during a given invoicing period by the total square footage of the floor planned to be power washed and sealed according to the design and work plan.

Item 17: Demolition (Tank Removal)

Demolition or removal of the underground storage tank in the Southern Area is a lump sum item. Since this activity should be completed within one to two days, we do not recommend partial payment. We recommend paying only after completed.

Item 18: Sheet Pile Wall

Installing sheet pile wall along a portion of the shore line is a lump sum item and we recommend partial payments based on percent complete. To determine percent complete, we recommend dividing the linear feet of sheet pile wall installed during a given invoicing period by the total linear feet of sheet pile wall planned according to the design and work plan.

Item 19: Geotextile cap

Installing the geotextile cap in the Southern Area is a lump sum item and we recommend partial payments based on percent complete. To determine percent complete, we recommend dividing square footage of geotextile cap installed during a given invoicing

period by the total square footage of geotextile cap planned according to the design and work plan.

Item 20: Stockpile Area

Installing the stockpile area is a lump sum item and we recommend partial payments based on percent complete. To determine percent complete, we recommend dividing square footage of the stockpile area installed during a given invoicing period by the total square footage of stockpile area planned according to the design and work plan.

Item 21: Decontamination Pad

Installing the decontamination pad is a lump sum item and we recommend partial payments based on percent complete. To determine percent complete, we recommend dividing square footage of the decontamination pad installed during a given invoicing period by the total square footage of decontamination pad planned according to the remedial action work plan.

Item 22: Construction Water Management

Installing and operation the construction water management system is a lump sum item and we recommend partial payments based on percent complete. To determine percent complete, we recommend dividing the payments into six equal payments based on 6 months of field operations.

Item 23: Chain Link Fence

Installing chain link fence is a lump sum item and we recommend partial payments based on percent complete. To determine percent complete, we recommend dividing the linear feet of fence installed during a given invoicing period by the total linear feet of fence planned according to the design and work plan.

Item 24: Turbidity Curtain/Barrier

Purchasing and deploying the turbidity curtain is a lump sum item. Since this activity is a one-time event, we recommend one payment upon deployment.

Item 25: Monitoring Well Abandonment

Abandoning monitoring wells is a lump sum item and we recommend partial payments based on percent complete. To determine percent complete, we recommend dividing the number of wells abandoned during a given invoicing period by the total number of wells planned to be abandoned according to the design and work plan.

Item 26: Monitoring Well Installation

Installing monitoring wells is a lump sum item and we recommend partial payments based on percent complete. To determine percent complete, we recommend dividing the number of wells installed during a given invoicing period by the total number of wells planned to be installed according to the design and work plan.

Item 27: Revegetation

Revegetation is a lump sum item and we recommend partial payments based on percent complete. We recommend 70% payment after the seed mix is initially applied and a second payment of 30% after initial inspection indicating that the vegetation is beginning to thrive.

Item 28: Demobilization

Demobilization of equipment and personnel is a lump sum item. This item consists of removing resources, equipment, trailers, and unused supplies after completing all work activities. During this phase, TtEC and Malcolm Pirnie will also be conducting a final inspection to ensure all elements of the remedy are completed consistent with the requirements of the EPA-approved design and work plans. We recommend 80% payment after all equipment, trailers, and supplies have been removed from the site and a second payment of 20% upon completing the final site inspection.

Item 29: LNAPL Monitoring Trench

Installation of the LNAPL monitoring trench is a unit price item. The billing for this item will be calculated based on the linear feet of trench installed multiplied by the unit price.

Item 30: LNAPL Collection/Pumping

Installation of the LNAPL collection/pumping is a unit price item. The billing for this item will be calculated based on days of operation multiplied by the unit price.

Item 31: Payment Performance Bond/Corporate Guarantee

Corporate Guarantee is a lump sum item that was already billed and paid at the beginning of the project. As a result of renegotiating the overall price of this project, the price of this item increased by \$297.17. This amount will be billed in the June 2008 invoice.

Item 32: CCRs 1 and 3 through 8

CCRs 1, 3, 4, 5, 6, 7, and 8 are all lump sum change order items. These items include installation of an anchor trench (CCR 1), placement of the EPA trailer on-site (CCR 3), additional sediment sampling (CCR 4), substituting PZC steel with AZ steel for the sheet pile wall (CCR 5), additional level of effort to respond to EPA comments on the Remedial Action Work Plan (CCR 6), and preparing contingency plans for the turbidity curtain (CCR 7) and sheet pile wall installation (CCR 8). Because of the limited scope and time required to complete each of these items, we recommend payment upon completion rather than any partial payments based on percent complete.

JPV

Attachment